

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 0 — 1 8

2. STATE:

NC

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

September 18, 2000

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.272

7. FEDERAL BUDGET IMPACT:

a. FFY 00 \$ 11,953,346
b. FFY \$ 12,536,596

P.H.I.
HCFA
6/8/01

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A pages 9d, 9e, and 9f

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

New

10. SUBJECT OF AMENDMENT:

Inpatient Teaching Supplemental Payment to NonQPH's

11. GVERNOR'S REVIEW (Check One):

- ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

not required

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

H. David Bruton, MD

14. TITLE:

Secretary

15. DATE SUBMITTED:

16. RETURN TO:

d

Office of the Secretary
Department of Health & Human Services
2001 Mail Service Center
Raleigh, North Carolina 27699-2001

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

September 28, 2000

18. DATE APPROVED:

May 24, 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

September 18, 2000

20. SIGNATURE OF REGIONAL OFFICIAL:

Eugene A. Grasser

21. TYPED NAME:

Eugene A. Grasser

22. TITLE:

Associate Regional Administrator
Division of Medicaid and State Operations

23. REMARKS:

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

- (f) Subject to availability of funds, hospitals licensed by the State of North Carolina and reimbursed under the DRG methodology for more than 50 percent of their Medicaid inpatient discharges for the fiscal years ending September 30 and thereafter, that are not qualified public hospitals defined in Subparagraph (e)(2)(A) above; that operate Medicare approved graduate medical education programs and reported on cost reports filed with the Division Medicaid costs attributable to such programs; and that incur unreimbursed costs for providing inpatient and outpatient services to uninsured patients in an amount in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) shall be eligible for a lump sum payment for the period from September 18, 2000 through September 30, 2000, and lump sum payments for subsequent fiscal years calculated and paid no less frequently than annually and no more frequently than quarterly in amounts or percentages determined by the Director of Medical Assistance, for periods preceding or following the payment date subject to the following provisions:
- (1) Qualification for 12 month periods ending September 30 of each year shall be based on the most recent cost report data and uninsured patient data filed with and certified to the Division by hospitals at least 60 days prior to the date of any payment under this paragraph.
 - (2) To ensure that the payments authorized by this Paragraph do not exceed the applicable upper limits such payments (when added to Medicaid payments received or to be received for these services) shall not exceed for the twelve month period ending September 30 of the year for which payments are made the applicable percentage of:
 - (i) the reasonable cost of inpatient hospital Medicaid services, plus
 - (ii) the reasonable direct and indirect costs attributable to inpatient Medicaid services of operating Medicare approved graduate medical education programs.
- A. The phrase "applicable percentage" refers to the upper payment limit as a percentage of reasonable costs established by 42 C.F.R. 447.272 for different categories of hospitals.
 - B. Reasonable costs shall be ascertained in accordance with the provisions of the Medicare Provider Reimbursement Manual as defined on page 9, Subparagraph (b) of this State Plan.

TN. No. 00-18
Supersedes
TN. No. NEW

Approval Date MAY 24 2001

Eff. Date 09/18/00

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
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Payments for Medical and Remedial Care and Services: Inpatient Hospital

- C. The phrase "Medicaid payments received or to be received for these services" shall exclude all Medicaid disproportionate share hospital payments received or to be received, but shall include all Medicaid payments received other than disproportionate share hospital payments, calculated after any payments made pursuant to Paragraph (e) of this Plan.
- (3) Under no circumstances shall the payment authorized by this Paragraph exceed a percentage of the hospital's unreimbursed cost for providing services to uninsured patients determined by the Division under Paragraph (j)(3) or (4) of this State Plan.
- (4) Payments authorized by this Paragraph shall be made solely on the basis of an estimate of costs incurred and payments received for Medicaid services during the for the period for which payments are made. The Director of the Division of Medical Assistance shall determine the amount of the estimated payments to be made by analysis of costs incurred and payments received for Medicaid services as reported on the most recent cost reports filed before the Director's determination is made and supplemented by additional financial information available to the Director when the estimated payments are calculated if and to the extent that the Director concludes that the additional financial information is reliable and relevant.

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State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

- (5) To ensure that estimated payments pursuant to the preceding Subparagraph do not exceed the aggregate upper limit to such payments established by applicable federal law and regulation (42 C.F.R. 447.272), such payments shall be cost settled within 12 months of receipt of the completed and audited Medicare/Medicaid cost reports for the period for which such payments were made. The cost settlement shall be as described in Paragraph (e)(5) of this State Plan.
- (6) The payments authorized by this Paragraph shall be effective in accordance with G.S. 108A-55(c).

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Payments for Medical and Remedial Care and Services: Inpatient Hospital

- (f) Subject to availability of funds, hospitals licensed by the State of North Carolina and reimbursed under the DRG methodology for more than 50 per cent of their Medicaid inpatient discharges for any fiscal year ending September 30, commencing with September 30, 2000 that are not qualified public hospitals defined in Subparagraph (e)(1)(A) above; that operate Medicare approved graduate medical education programs and reported Medicaid costs attributable to such programs to the Division on cost reports for fiscal years ending in 1995 through 1999; and that incur for the 12 month period ending September 30, 1999, unreimbursed costs for providing inpatient and outpatient services to uninsured patients in an amount in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) shall be eligible for a lump sum payment subject to the following provisions:
- (1) Qualification for any 12 month period ending September 30 shall be based on cost report data and uninsured patient data certified to the Division by hospitals on or before September 1 of each year, for the fiscal year ending in the preceding calendar year.
 - (2) To ensure that the payments authorized by this Paragraph for any fiscal year do not exceed the upper limits established by 42 C.F.R. 447.272:
 - (i) Subject to the limitations in Subparagraph (5), below, the lump sum payment shall be the reasonable cost of inpatient hospital Medicaid services, plus
 - (ii) The reasonable direct and indirect costs attributable to inpatient Medicaid services of

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Payments for Medical and Remedial Care and Services: Inpatient Hospital

operating Medicare approved graduate medical education programs,

less Medicaid payments received or to be received for these services.

- (3) Reasonable costs shall be ascertained in accordance with the provisions of the Medicare Provider Reimbursement Manual as defined on page 9, Subparagraph (b) of this State Plan.
- (4) The phrase "Medicaid payments received or to be received for these services" shall exclude all Medicaid disproportionate share hospital payments received or to be received, but shall include all Medicaid payments received other than disproportionate share hospital payments, calculated after any payments made pursuant to Paragraph (e) of this Plan.
- (5) Under no circumstances shall the payment authorized by this Paragraph exceed a percentage of the hospital's unreimbursed cost for providing services to uninsured patients determined by the Division under Paragraph (j)(3) or (4) of this State Plan.
- (6) Payments authorized by this Paragraph shall be made solely on the basis of an estimate of costs incurred and payments received for Medicaid services during the fiscal year to which the payment relates. The Director of the Division of Medical Assistance shall determine the amount of the estimated payments to be made by analysis of

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Payments for Medical and Remedial Care and Services: Inpatient Hospital

costs incurred and payments received for Medicaid services as reported on cost reports for fiscal years ending during the calendar year preceding the year to which the payment relates filed before September 1 of the year to which the payment relates, and supplemented by additional financial information available to the Director when the estimated payments are calculated if and to the extent that the Director concludes that the additional financial information is reliable and relevant.

- (7) To ensure that estimated payments pursuant to the preceding Subparagraph do not exceed the state aggregate upper limit to such payments established by applicable federal law and regulation (42 C.F.R. 447.272), such payments shall be cost settled within 12 months of receipt of the completed cost report for the year for which such payments were made. The cost settlement shall be as described in Paragraph (e)(5) of this State Plan.
- (8) The payments authorized by this Paragraph shall be effective in accordance with G.S. 108A-55(c).

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